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# Premium Financial Services

Michael Katz, Group Executive

14 May 2002



# Disclaimer

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The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentations, 14 and 15 May 2002. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.



# Speaker's Notes

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- Speaker's notes for these presentations are attached below each slide.
- To access them, you may need to save the slides in PowerPoint and view/print in "notes view."

# Agenda

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- Business Model
- Structure
- Implementation & Issues
- Differentiators
- Questions



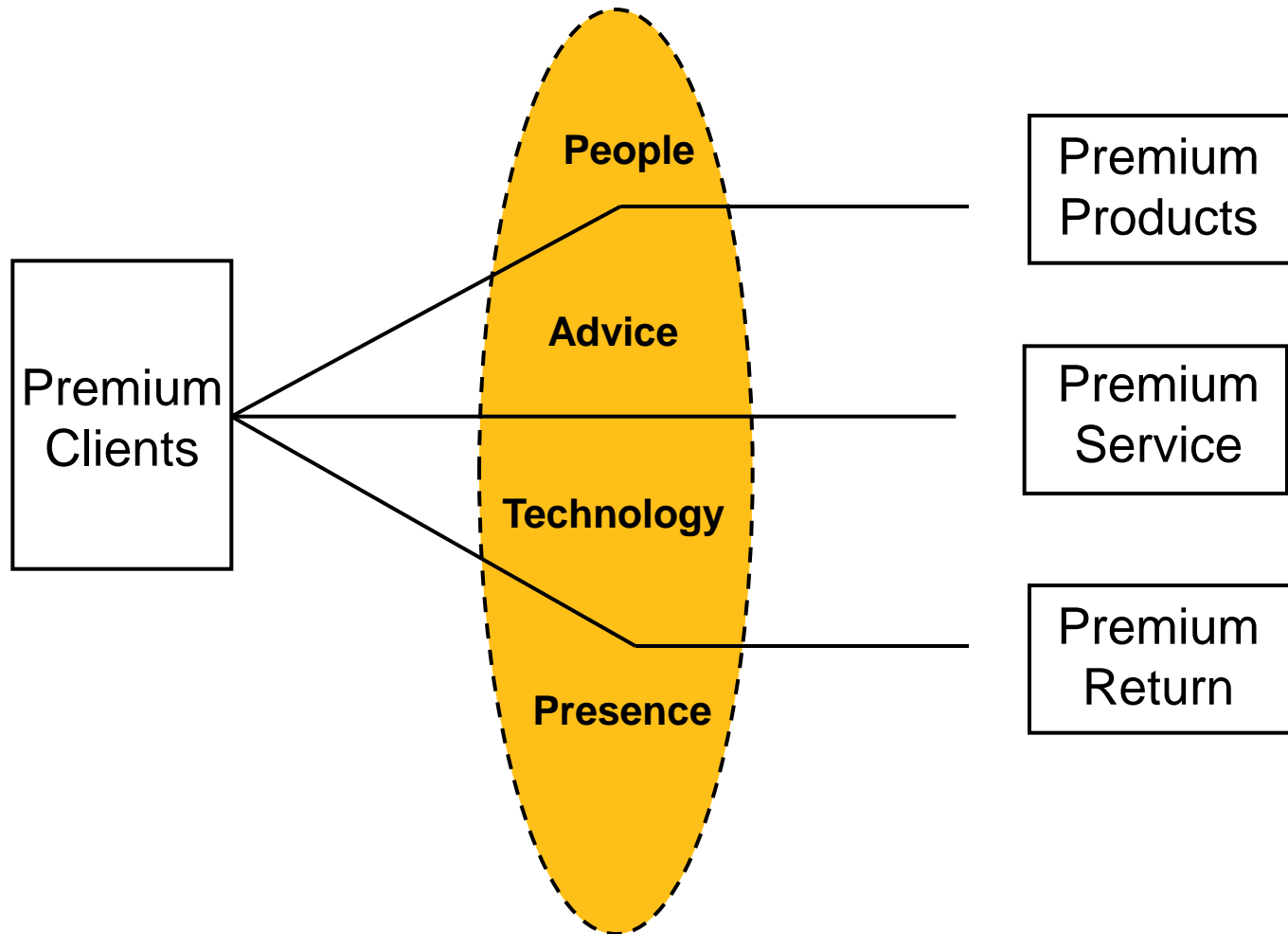
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# PFS Business Model



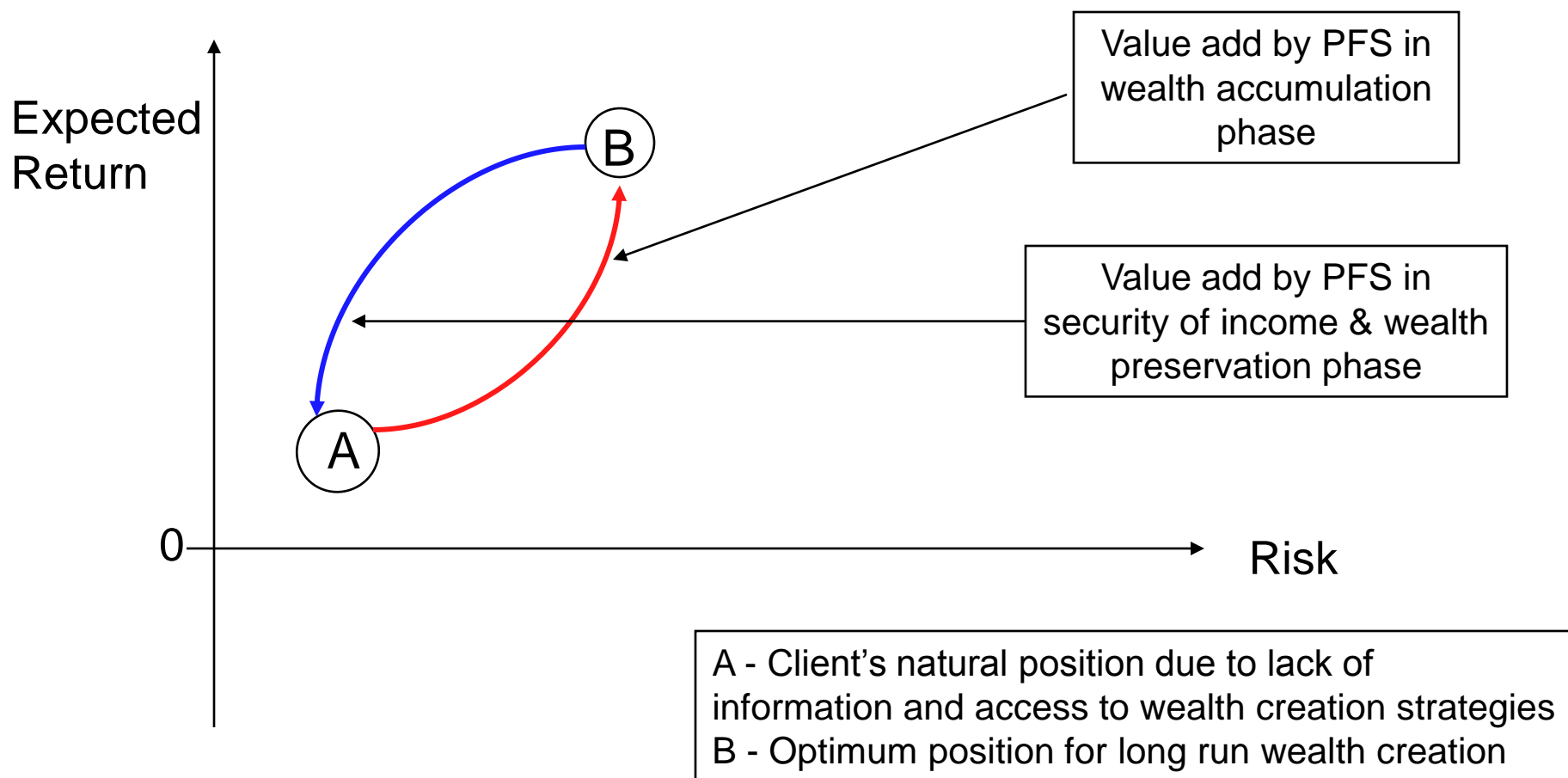
# The PFS Experience

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# Advice

## The Efficient Frontier



# Client Servicing Model

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- Implement a client servicing model which is scalable and institutionalises the relationship
- Segment the PFS client base into three:
  - Private Client Services
  - Premium Banking & Investment Services
  - Premium Direct Services
- Provide different levels of service and products across the premium segment to meet the different needs of clients



# Premium Service

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“Surprise” and “delight” our clients

- Develop a dedicated team of financial and systems engineers to package products into a Premium Service, exclusive to PFS
- Establish a dedicated team of operational and risk management specialists to solve ongoing transactional issues
- Use alliances or preferred suppliers where CBA does not compete



# People

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Implement a team based servicing model with a mixture of expertise including:

- Personal bankers;
- Commercial bankers;
- Investment and equity experts; and
- Insurance and financial planners



# Technology

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- Apply engineering and systems skills to streamline processes which were built to service the scale of the Retail Bank
- Leverage off the CommSec internet platform



# Client Definition

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PFS clients will probably be affluent, in terms of wealth or income, and will include individuals and owner managed or operated businesses, including professional partnerships.

As with all premium services a significant number of people will choose the premium package notwithstanding they do not fit the criteria of affluent.



# The Clients

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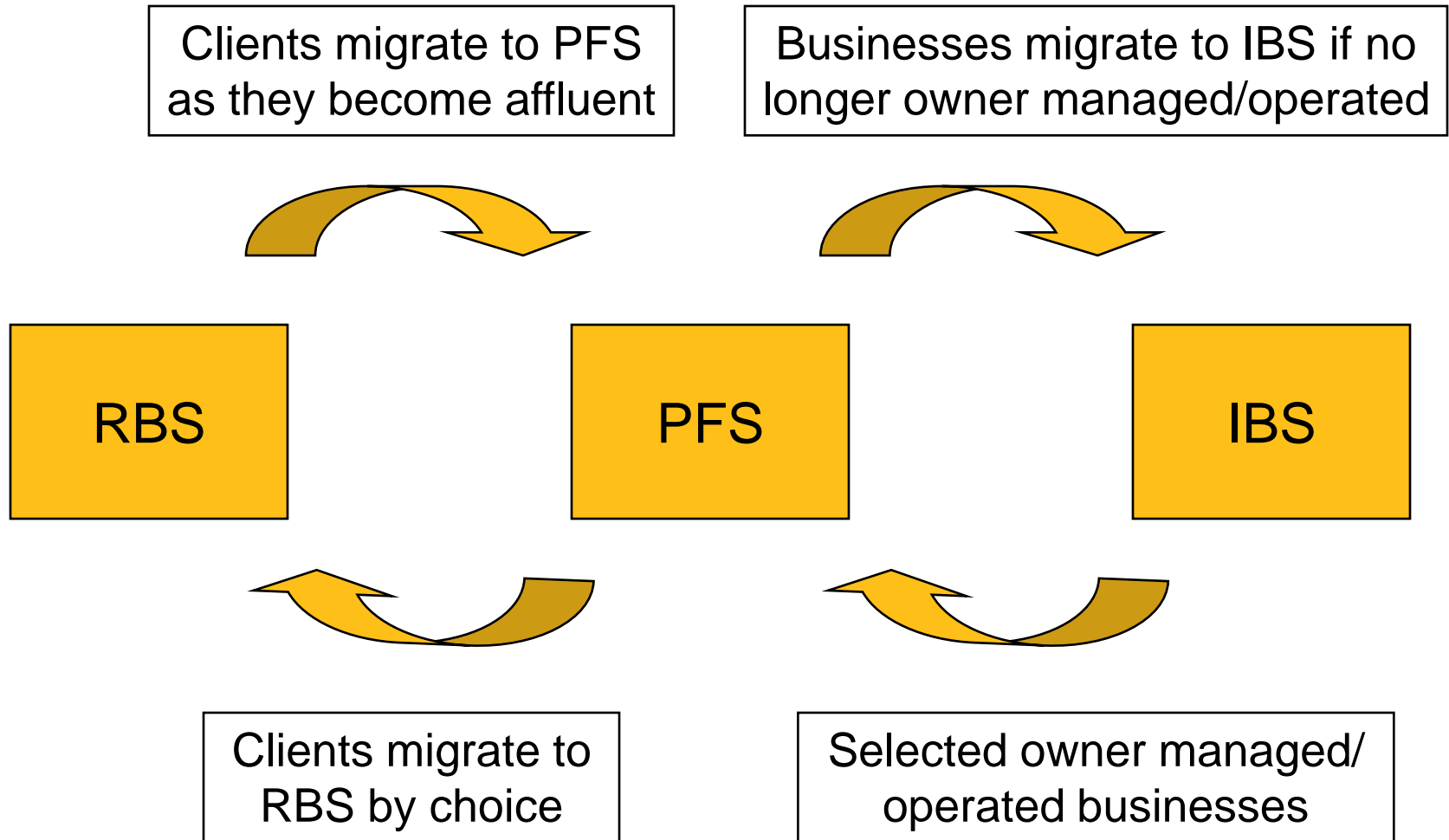
“Cherry picked” from the Australian market

- 70,000 relationships in July 2002
- 250,000 relationships in 2004



# Interfaces with other divisions

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# What PFS will not do

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PFS will not:

- Re-build basic products
- Provide tax advice
- Compete with accountants
- Be focussed on growing the number of clients - but we will focus on growing client value



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# PFS Structure



# What does PFS comprise?

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- In building the PFS business we are bringing together the following business units from the old structure:
  - Premium Banking from the Retail Bank
  - Equities, including CommSec, from Institutional Banking
  - Other clients from the Retail Bank
  - Selected owner operated or owner managed business clients



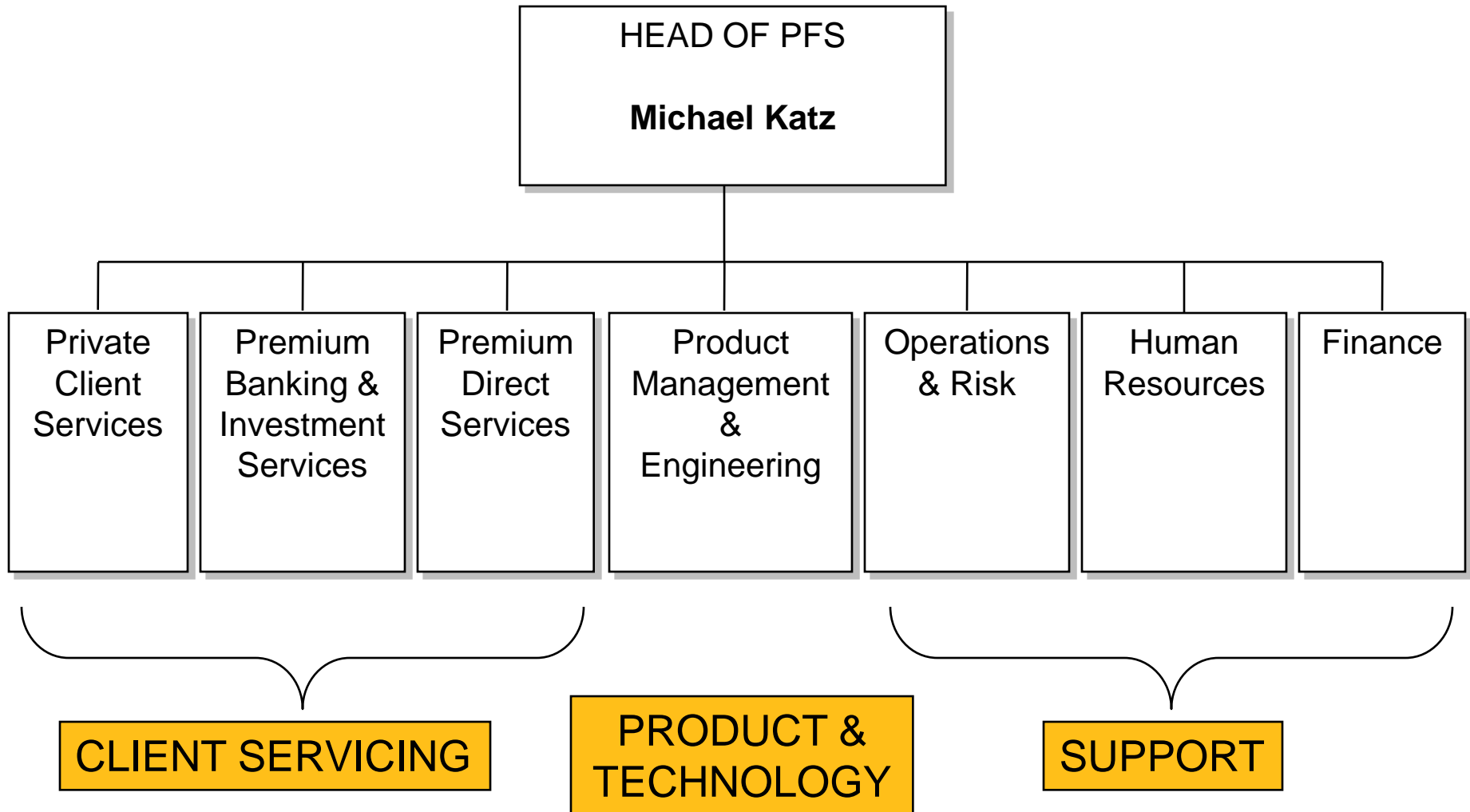
# Size of PFS

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At 30 April 2002

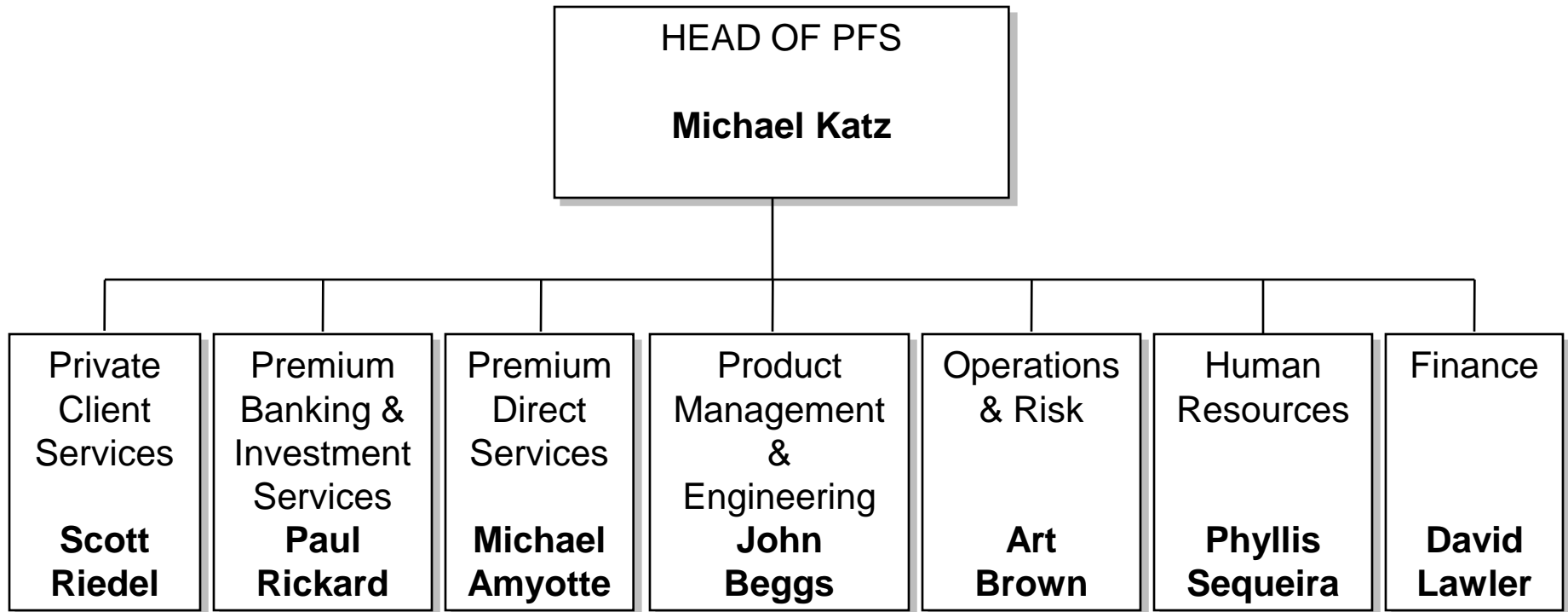
- 830 staff
- 24 locations across Australia
- 40,000 relationships
- Over 725,000 CommSec accounts

# Structure Chart



# Structure Chart

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# Regulatory Segmentation

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- Private Client Services

Clients will generally meet the Corporations Act requirements for a “Sophisticated Investor”<sup>1</sup>

- Premium Banking & Investment Services

Clients will generally seek “Personalised Advice”<sup>2</sup> and will need to supply “Know Your Client”<sup>2</sup> data

- Premium Direct Services

Clients will not receive advice, only information

<sup>1</sup> As defined in Corporations Act

<sup>2</sup> As defined in the Financial Services Reform Act



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# Implementation & Issues



# Implementation

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- Bringing together existing businesses and building on them
- Executive team and structure is in place
- Test the new business model through pilot programmes
- Build up clients from other divisions of the Bank over an 18 month period



# Issues

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- Development of the front line staff with appropriate expertise
- Development of distinctive Premium Packages
- Radical improvement of the service experience
- Branding strategy



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# Differentiators



# Differentiators

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- Full service model
- The team based approach with a mixture of expertise
- CommSec and other Equities business within Premium Financial Services
- PFS is separate from Retail Banking Services and Institutional & Business Services



# PFS

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## The Premium Financial Experience

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# Premium Financial Services

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